

What you should know about the Tax Sale Process and how to avoid it

Why Charge Property Taxes

The Township of Brock prepares a budget annually outlining the funds required to offer services to the public. Some of the more visible services include fire protection, snow removal, road maintenance, and By-Law enforcement. The level of service provided is dependent on many factors including legislative requirements, current staffing levels, and public expectations to name a few.

To finance these services, all grants available to the Township are utilized, user fees are imposed whenever possible to recover the cost of the service from those using it, and transfers from funds held in reserve for projects identified in the current year's budget are considered. Once all available funding is allowed for, the balance of financing needed for the annual budget requirement comes from a charge to property owners (taxes). Each year a Tax Levy By-Law is passed to impose taxes on properties in the Township. The use of the Tax Levy By-Law ensures that all taxpayers pay a share of the cost of services they benefit from.

When Are Bills Sent

Property Tax bills are issued twice a year with the first being an Interim Tax Bill for not more than 50% of the prior year's total tax levy and the Final Tax Bill being the total taxes due for the year based on the Tax Levy By-Law less the Interim Tax Bill amount. Each bill is split into 2 installment payments with the due dates detailed in the By-Law. The Interim Tax Bill is normally issued late in January each year with installments due in February and April. The Final Tax Bill is normally issued late in June each year with installments due in July and September. If you are new to the Township, it is important to make sure we have your correct mailing address. If you have purchased property part way through the year, be sure to have your lawyer or title company provide the details from the tax certificate when closing.

Point #1: If you own property in the Township and did not receive a bill, it is your responsibility to find out why.

When Do Penalties Apply

Taxes imposed by the Tax Levy By-Law are due on January 1st of the year the By-Law was passed. It is a common practice to include the option of paying on installment dates set throughout the year without penalty. Once a tax bill is issued and the installment date arrives, the amount is due. If the payment is not received by the Township by the installment date a penalty will be charged. The penalty is applied at a rate of 1 ¼% per month or 15% per year.

Point #2: Late payment of a tax installment is subject to a penalty of 1 ¼% applied on the 1st of every month it remains outstanding.

How Can You Pay Your Taxes

The Township allows for many payment options to make it more convenient for property owners to pay their tax installments. These include payment in person by cash, cheque or debit at the municipal office in Cannington; payment by postdated cheque mailed to the municipal office in Cannington; payment through your mortgage company; payment by pre-authorized charge to

your account either monthly or by installment; payment on line through your financial institution; and payment through a third party credit card service provider.

Point #3: Always allow a few days for processing if your payment is made at the bank or on line.

What If You Miss a Payment

If you have missed an installment due date, reminder letters are sent in March, May, August, October, November and December. The tax bills also include any unpaid balance that is shown on the account when the bill is issued. Payments are always applied to any outstanding penalty balance first with the balance of the payment being applied to the earliest taxes outstanding.

Point #4: Make sure you notify the office of any changes in your mailing address.

What Happens When the Account Remains Unpaid

When taxes remain outstanding and you are approaching the three year mark, a First Notice will be sent to you before the end of October. This notice will request that you contact the Tax Collector to make payment arrangements. These arrangements should allow for payments sufficient to clear the two earliest year's taxes and all penalty within the next year. It is also recommended that the payment plan or one of the preauthorized plans be continued until the account is current. If no arrangements are made and no payment has been received, a Final Notice letter will be sent in December. This letter will advise that the account will be eligible for Tax Sale process in January if no action is taken.

Point #5: When you fall behind with your property tax payments, contact the Township to make arrangements for a payment plan.

What Happens If I Default on the Payment Arrangements

If you have agreed to a payment plan and are unable to make the necessary payments, you should contact the office and attempt to arrange an alternative plan with the Municipality. If you are in default and have not made any effort to contact the office or respond to the Municipality's efforts to contact you, the Township will proceed with the next step in the Tax Sale process.

Point #6: Work with the Township when issues arise.

What Happens If No Payment Arrangements Exist

In January, the Tax Collector prepares a list of all properties with taxes outstanding for more than three years and prepares a Tax Arrears Certificate to be registered on title for each property in accordance with section 373 of the Municipal Act, 2001. Property owners and persons having an interest in the property (for example mortgage companies) are notified (in accordance with section 374 of the Municipal Act, 2001) that the property will be registered and the owner will have one year to pay the balance in full or the property will be advertised for tax sale. Each step of the tax sale process requires additional work that will incur costs. These costs are added to the property tax account and become part of the balance due.

Point #7: Avoid additional costs by making arrangements early in the process.

How Do I Stop The Tax Sale From Proceeding

Once the property has been registered, there are only two ways to stop the tax sale. Section 375 of the Municipal Act, 2001 allows for payment of the cancellation price in full (all Taxes and charges outstanding). Section 378 allows for the use of an extension agreement that must be authorized by by-law. Time must be allowed to have the by-law prepared and presented to Council before the one year period expires. You may also be asked to speak to the request as part of Council's deliberation on the by-law. Should the terms of the extension agreement not be adhered to, the tax sale process would resume.

What Happens If The Sale Is Not Stopped

If the property has not been redeemed before the one year period expires, it will be advertised for sale in an effort to recover the taxes and charges due to the Township in accordance with Section 379(2) of the Municipal Act, 2001. The Township of Brock makes Tender Packages available to the public. These packages provide descriptive details of the property, its location and the minimum tender amount. The tenders are opened at 3 PM in the Council Chambers on the date advertised. Provided the tender meets the legislative requirements, the property deed will be transferred to the highest bidder once all funds are paid by the highest bidder.

What Happens To Excess Funds

If the tender price is higher than the minimum tender amount, the excess will be paid into the Superior Court of Justice. The property owner has one year to claim any surplus funds by making application to the Court.

What Happens If No Bids Are Tendered

If the property is not sold, the Township may register a notice of vesting ownership within two years. If vested, the property would be owned by the Township and could be sold at a later date subject to the rules for the sale of surplus property set out in the Township's by-law.